

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4627-09  
Bill No.: HCS for SCS for SB Nos. 493, 485, 495, 516, 534, 545, 595, 616 & 624  
Subject: Education, Elementary and Secondary; Elementary and Secondary Education  
Department; Boards Commissions, Committees, Councils  
Type: Original  
Date: April 24, 2014

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Bill Summary: This proposal modifies provisions relating to elementary and secondary education.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
General Revenue	(\$2,229,140 to Unknown)	(\$2,324,515 to Unknown)	(\$2,344,604 to Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$2,229,140 to Unknown)</b>	<b>(\$2,324,515 to Unknown)</b>	<b>(\$2,344,604 to Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 25 pages.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
State School Moneys Fund	\$0	\$0	\$0
Teacher Minimum Salary Fund	\$0	\$0	\$0
School Improvement	\$0	\$0	\$0
Extended Learning Time Fund	\$0	\$0	\$0
Parent Portal	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
General Revenue	11 FTE	11 FTE	11 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>11 FTE</b>	<b>11 FTE</b>	<b>11 FTE</b>

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Office of the Governor**, the **Office of the Lieutenant Governor**, **Office of the State Treasurer**, and **Office of Administration - Administrative Hearing Commission** assume no fiscal impact to their respective agencies.

Officials from the **Joint Committee on Administrative Rules (JCAR)** stated this proposed legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Missouri Senate** state the proposed legislation has no fiscal impact beyond existing appropriations.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

ASSUMPTION (continued)

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

§160.011(4) - Graduation rate definitions

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the current definition of the graduation rate no longer applies. The new required graduation rate definition is as follows:

Four-Year Adjusted Cohort Graduation Rate Definition - The four-year adjusted cohort graduation rate is the number of students who graduate in four (4) years with a regular high ASSUMPTION (continued)

school diploma divided by the number of students who form the adjusted cohort for the graduating class rounded to the tenth. From the beginning of 9th grade, students who are entering that grade for the first time form a cohort that is subsequently “adjusted” by adding any students who transfer into the cohort later during the 9th grade and the next three (3) years and subtracting any students who transfer out, emigrate to another country, or die during that same period.

Five-Year Adjusted Cohort Graduation Rate Definition - The five-year adjusted cohort graduation rate is calculated the same as the four-year with the exception that it includes both four- and five-year graduates in the fifth-year cohort.

Six-Year Adjusted Cohort Graduation Rate Definition - The six-year adjusted cohort graduation rate is calculated the same as the four- and five-year rate with the exception that it includes four-, five-, and six-year graduates from the original 9th grade cohort.

Seven-Year Adjusted Cohort Graduation Rate Definition - The seven-year adjusted cohort graduation rate is calculated the same as the four-, five-, and six-year rate with the exception that it includes four-, five-, six-, and seven-year graduates from the original 9th grade cohort.

§160.417 - Charter schools experiencing financial stress

**DESE** states this section was enacted in 2012 and gave fiscal guidance to charter schools relating to financial stress. The new language in §160.417.6 would not allow financially stressed

ASSUMPTION (continued)

conditions to apply to a charter school until three years of operation. This would leave DESE with no authority to deal with fiscal issues during the first three years of operation.

§§161.086, 161.238, 167.687 - Assistance teams, Attendance center accreditation, School improvement measures

**DESE** will need additional FTE to support this expanded accountability system and to provide assistance teams. The system will expand from the current 519 public school districts to include 41 charter LEAs, 2,074 public schools and 64 charter schools. The new accountability system would go from accrediting 519 entities to 2,698 entities.

Although the current system provides school-level reports, accreditation determinations are only made at the district level. The accountability system is designed around 5 district-level measures. Only a subset of these measures can be applied to some school buildings and will require a review of the standard's applications to each school (i.e. application for a K-2 school.) Formal ASSUMPTION (continued)

classification of schools creates additional need for FTE. Implementing and providing assistance teams to borderline districts and to provisionally accredited districts creates additional need for FTE.

DESE estimates it will need an additional 11 FTE (5 Regionally based school improvement specialists, 2 Area Supervisors, 1 Data Specialist, 1 Assistant Director, 1 Director, 1 Coordinator), as well as, \$600,000 for 6 contracted service center specialists to meet the goals of this legislation. In addition, DESE will need \$70,000 for data costs to review building level measures for accountability purposes, simulations, and analysis for use as an accreditation measure.

Assistance teams will be needed to review struggling school districts (currently estimate at 20 to 30 annual reviews). Costs related to the assistance teams are as follows:

\$300,000 Finance/operations/parental engagement/school and community compact audits  
\$300,000 Instructional program and student performance audit teams  
\$120,000 DESE monitoring tools  
\$720,000

ASSUMPTION (continued)

§162.081 - Special Administrative Board

**DESE** assume no fiscal impact to the state from this section.

§162.432 - Local effort calculation and boundary line changes

**DESE** assumes the exact cost to implement this section is unknown. There is a potential savings to the state relative to funding the formula. Had this provision been in place at the implementation of the formula, it would have reduced the formula call by over \$7,000,000 annually since 2009.

§162.1250 and Section 1- Virtual course work

In response to the same language in another proposal (HCS for HB 1895), **DESE** assumed this proposal appears to modify the percentage of reimbursement from 94% to 95% for schools offering virtual course work in the case of a student who is a candidate for A+ tuition reimbursement. This will have some cost (unknown) if/when the formula is fully funded. The cost would be less than \$100,000.

ASSUMPTION (continued)

**Oversight** assumes the proposal addresses the percentage of hours of attendance required in virtual classes in comparison to the courses delivered in nonvirtual programs. Oversight assumes the 95% of hours of attendance only applies to a student who is a candidate for A+ tuition reimbursement and is taking a virtual class as outlined in the proposal. For fiscal note purposes only, no fiscal impact will be assigned.

Officials from the **Special School District of St. Louis County** assume no fiscal impact to their district as a result of this proposed legislation.

§§162.1303 & 162.1310 - Transient Student Ration & Student assessment scores; Parent notification of unaccredited district status; Home visits

**DESE** does not anticipate a cost, if the student is required to be actively enrolled in the unaccredited school district.

Officials from the **Kansas City Public School District** estimate the provisions in §162.1310

ASSUMPTION (continued)

may have a negative fiscal impact greater than \$200,000 in personnel costs. KCPS assumes this section requires home visits if requested by district's operating underperforming schools.

§163.172 - Teacher salaries

Officials from the **Office of State Treasurer** assume no fiscal impact to their agency resulting from this proposal.

Officials from the **Office of Administration - Division of Budget and Planning** defer to the Department of Elementary and Secondary Education for the fiscal impact of raising teacher minimum salaries.

**DESE** states there would be an unknown, but substantial cost for the appropriation to the "Teacher Minimum Salary Fund". DESE has salary information on the person, but does not have that information based upon their placement on the salary schedule in their district. The cost by the 2017-18 school year, when fully implemented should not exceed \$14,893,000 per year/

1,309 full-time teachers (Positions 40, 50, 60, 70) with a master's degree are reported with a salary of \$35,000 or less = \$2,618,000 per year.

2,455 full-time teachers (Positions 40, 50, 60, 70) without a master's degree are reported with a salary of \$30,000 or less = \$12,275,00 per year.

ASSUMPTION (continued)

Officials from the **Fulton School District** assume this proposal will have no fiscal impact on their district, unless the appropriation further reduces their foundation formula monies.

Officials from the **Special School District of St. Louis County** state this proposed legislation will have no fiscal impact on their district as their minimum salary is well above the amount stated in the bill.

Officials from the **Kansas City Public School District** assume no fiscal impact since their starting pay for teachers is \$36,000 yearly.

ASSUMPTION (continued)

§163.410 - Exemption from certain financial requirements when a school is underfunded

In response to the same language from another proposal (HB 1111) the following responses were received:

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** state there would be no additional costs or savings to BAP and they defer to the Department of Elementary and Secondary Education regarding any fiscal impact of the proposed legislation.

**DESE** stated this proposal will have no fiscal impact on their agency or on school districts.

Officials from the **Office of the Governor** state there will be no fiscal impact on the Governor's Office as a result of this proposal.

Officials from the **Fulton School District**, the **Francis Howell School District**, and the **Parkway School District** anticipate no direct fiscal impact to their respective districts.

§§167.685 & 167.687 - School district improvement measures

**DESE** assumes costs to implement would be unknown and an appropriation is not defined.

§167.730 - Reading, personalized learning plans, student retention

**DESE** assumes no fiscal impact to the state. Additional costs would accrue to the local district.

Officials from the **Kansas City Public School District (KCPS)** assume this section requires additional steps and requirements to facilitate and incorporate response to intervention plans.

ASSUMPTION (continued)

KCPS estimates additional costs in excess of \$200,000. The number may be compounded in subsequent years, in that §167.685 of this bill removes KCPS's opportunity to receive School District Improvement Funds if the district achieve a level of accreditation. KCPS will still have underperforming schools, however only an "unaccredited district shall" be eligible for the funds.



ASSUMPTION (continued)

§§167.825, 167.826, 167.827 & 167.828 - Student transfers

§167.825- Student transfers

**DESE** assumes no fiscal impact to the state. Unknown savings would accrue to the local district.

Officials from the **Kansas City Public School District (KCPS)** assume this section allows students who have transferred during the 2014-15 school year to remain in the transfer program even if the sending district achieves accreditation. KCPS estimates this will cost between \$200,000 to \$250,000, which will partially be offset by savings of \$140,000.

§§167.826.1, 167.828 & 163.021 - Student transfers, including to nonsectarian private schools

**DESE** assumes there could be a significant cost to the state for funding to nonsectarian private schools.

Officials from the **Kansas City Public School District (KCPS)** assume this proposal allows student transfer to any district, to include nonsectarian private schools and does away with the required in-district options approved in SCS/SB493. KCPS estimates this may have a negative impact of \$242,000 next school year and based on data from the Normandy experience it may have a negative impact greater than \$92 million in out years.

§167.826.5 - Rate of tuition

KCPS assumes this section also establishes tuition cost at 70% of sending districts rate the year prior to transfer, and transportation rate of 10% of tuition the first year and up to 10% subsequent years. The KCPS average tuition rate is presently \$10,761 per student and the average transportation rate is \$1,000 per student. In 2014-15 transfers would cost KCPS \$8,289 per student transferred; 22 students have requested transfer for 2014-15, therefore impact will be \$182,358.

Surrounding KCPS districts average total cost per student (tuition/transportation) is approximately \$15,000. Proposed legislation 2014-15 transfers would save KCPS \$6,714 per  
ASSUMPTION (continued)

student transferred; 22 students have requested transfer to surrounding district for 2014-15, therefore impact will be cost savings to KCPS of approximately \$147,708 varying between districts.

LMD:LR:OD

ASSUMPTION (continued)

§167.826.7 - Statewide assessment score

**DESE** notes the assessment system does not generate a score noting grade level equivalence. This subsection goes against the DESE student transfer guidance on the use of data for accountability.

§167.826.8 - Special education services

DESE assumes there is the potential for unknown costs or savings to local school districts.

§§167.827 and 167.830 to 167.845 - Regional education authorities

§167.827 - Reporting process to regional education authorities

Officials from the **Kansas City Public School District (KCPS)** assume this section establishes the process of reporting to an Educational Authority, as established in §§167.830 to 167.845. It is difficult to estimate how this will impact KCPS.

If KCPS remains in an unaccredited status, the impact for the 2016 school year is estimated at \$500,000. Negative impact after the 2016 school year may range between \$500,000 to several million dollars.

**DESE** states these sections establish three regional education authorities that will work with local school districts and governments to coordinate student transfers. Costs to implement would be unknown, but potentially could be significant.

§168.205 - Sharing superintendents

Officials from the **Department of Elementary and Secondary Education** state this proposal will have no fiscal impact on their agency or on school districts.

Officials from the **Nixa School District** assume this proposal would allow some small districts to save up to \$50,000 a year.

Officials from the **Fulton School District** and the **Francis Howell School District** assumed no fiscal impact to their respective districts.

ASSUMPTION (continued)

**Oversight** assumes that it is unknown whether any school districts would opt to share superintendents; however, if only a few districts chose this option, the cumulative savings to districts could exceed \$100,000. For fiscal note purposes only, Oversight will show a fiscal impact of \$0 to Unknown - Could exceed \$100,000.

§170.320 - Parent Portal

This section creates the "Parent Portal" to assist districts in establishing and maintaining a parent portal. **DESE** assumes costs to implement would be unknown, but significant.

§§177.011 & 177.088 - School Property

In response to the same language in another proposal (SB 989), the following responses were received:

Officials from the **Department of Elementary and Secondary Education** state this proposal will have no fiscal impact on their agency or on school districts.

Officials from the **Department of Higher Education**, the **Office of Secretary of State**, the **State Tax Commission**, **Missouri Western University**, **Linn State Technical College**, **Missouri State University**, **University of Missouri System**, **Northwest Missouri State University**, **University of Central Missouri**, the **Kansas City Public School District**, and the **Fulton School District** each stated there would be no fiscal impact to their respective agencies and institutions.

**DESE** states the sections listed above represent a summation of the fiscal costs of this proposal and do not necessarily include all costs. The omission of a section in the above listing does not mean that it has no cost or bearing on the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2015	FY 2016	FY 2017
<b>GENERAL REVENUE</b>			
<u>Costs</u> - Department of Elementary and Secondary Education (§§161.086, 161.238, 167.687)			
Personal services (11 FTE)	(\$500,280)	(\$612,343)	(\$624,590)
Fringe Benefits	(\$255,168)	(\$312,326)	(\$318,572)
Equipment and Expense	(\$83,692)	(\$79,846)	(\$81,442)
Assistance teams	(\$720,000)	(\$720,000)	(\$720,000)
Contracted service center specialists	(\$600,000)	(\$600,000)	(\$600,000)
Data costs (§161.086)	<u>(\$70,000)</u>	<u>\$0</u>	<u>\$0</u>
Total Costs DESE	(\$2,229,140)	(\$2,324,515)	(\$2,344,604)
FTE Change - DESE	11 FTE	11 FTE	11 FTE
 <u>Costs</u> - DESE - Regional Education Authorities (§§167.830 - 167.845)			
	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
 <u>Transfer Out</u> - DESE - Teacher Minimum Salary Fund (§163.172)			
	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)
 <u>Transfer Out</u> - DESE - School District Improvement Fund (§167.685)			
	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)
 <u>Transfer Out</u> - DESE - State School Moneys Fund (§§167.828 & 163.021)			
	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)
 <u>Transfer Out</u> - DESE - Extended Learning Time Fund (§171.031)			
	(Unknown - Could exceed <u>\$100,000</u> )	(Unknown - Could exceed <u>\$100,000</u> )	(Unknown - Could exceed <u>\$100,000</u> )

**FISCAL IMPACT - State Government**                      FY 2015                      FY 2016                      FY 2017  
 (Continued)

**EXPECTED NET EFFECT ON**                      **(\$2,229,140 to**                      **(\$2,324,515 to**                      **(\$2,344,604 to**  
**GENERAL REVENUE**                      **Unknown)**                      **Unknown)**                      **Unknown)**

Estimated Net FTE Change for General  
 Revenue                      11 FTE                      11 FTE                      11 FTE

**STATE SCHOOL MONEYS FUND**

Transfer In - General Revenue - Increased  
 State Aid (§§167.828 &163.021)                      Unknown -  
    Expected to  
    exceed  
    \$100,000                      Unknown -  
    Expected to  
    exceed  
    \$100,000                      Unknown -  
    Expected to  
    exceed  
    \$100,000

Disbursements - Nonsectarian private  
 schools - Tuition for transfer students  
 (§§167.828 &163.021)                      (Unknown -  
    Expected to  
    exceed  
    \$100,000)                      (Unknown -  
    Expected to  
    exceed  
    \$100,000)                      (Unknown -  
    Expected to  
    exceed  
    \$100,000)

**ESTIMATED NET EFFECT ON**  
**STATE SCHOOL MONEYS FUND**                      **\$0**                      **\$0**                      **\$0**

**TEACHER MINIMUM SALARY  
 FUND**

Transfer In - General Revenue - Increased  
 teacher salaries (§163.172)                      Unknown -  
    Expected to  
    exceed  
    \$100,000                      Unknown -  
    Expected to  
    exceed  
    \$100,000                      Unknown -  
    Expected to  
    exceed  
    \$100,000

Transfer Out - School Districts Increased  
 teacher salaries (§163.172)                      (Unknown -  
    Expected to  
    exceed  
    \$100,000)                      (Unknown -  
    Expected to  
    exceed  
    \$100,000)                      (Unknown -  
    Expected to  
    exceed  
    \$100,000)

**ESTIMATED NET EFFECT ON**  
**TEACHER MINIMUM SALARY**  
**FUND**                      **\$0**                      **\$0**                      **\$0**

**FISCAL IMPACT - State Government**                      **FY 2015**                      **FY 2016**                      **FY 2017**  
**(Continued)**

**SCHOOL IMPROVEMENT FUND**

<u>Income</u> - Gifts, bequests, donations (§§167.685 & 167.687)	Unknown - May exceed \$100,000	Unknown - May exceed \$100,000	Unknown - May exceed \$100,000
<u>Transfer Out</u> - Public libraries - Tutoring costs (§§167.885 & 170.215)	(Unknown - May exceed <u>\$100,000</u> )	(Unknown - May exceed <u>\$100,000</u> )	(Unknown - May exceed <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON SCHOOL IMPROVEMENT FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**PARENT PORTAL FUND**

<u>Income</u> - Gifts, bequests, donations (§170.320)	Unknown - May exceed \$100,000	Unknown - May exceed \$100,000	Unknown - May exceed \$100,000
<u>Distributions</u> - School Districts - Parent portals (§§170.320)	(Unknown - May exceed <u>\$100,000</u> )	(Unknown - May exceed <u>\$100,000</u> )	(Unknown - May exceed <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON PARENT PORTAL FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**FISCAL IMPACT - State Government**                      FY 2015                      FY 2016                      FY 2017  
**(Continued)**

**EXTENDED LEARNING TIME  
 FUND**

<u>Transfer In</u> - General Revenue (§171.031)	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000
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<u>Distributions</u> - School Districts (§171.031)	(Unknown - Could exceed <u>\$100,000</u> )	(Unknown - Could exceed <u>\$100,000</u> )	(Unknown - Could exceed <u>\$100,000</u> )
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**ESTIMATED NET EFFECT ON  
 EXTENDED LEARNING TIME  
 FUND**

<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2015	FY 2016	FY 2017
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Savings</u> - School Districts - Lowered tuition rates for sending transfer students (§167.826.5)	Unknown - Expected to exceed \$100,000	Unknown - Expected to exceed \$100,000	Unknown - Expected to exceed \$100,000
<u>Savings</u> - School Districts - Sharing superintendents (§168.205)	\$0 to Unknown - Could exceed \$100,000	\$0 to Unknown - Could exceed \$100,000	\$0 to Unknown - Could exceed \$100,000
<u>Income</u> - School Districts - Distributions from Parent Portal Fund (§170.320)	Unknown - May exceed \$100,000	Unknown - May exceed \$100,000	Unknown - May exceed \$100,000
<u>Income</u> - School Districts - Distributions from Extended Learning Time Fund	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000
<u>Transfer In</u> - School Districts - Minimum Teacher Salary Fund (§163.172)	Unknown - Expected to exceed \$100,000	Unknown - Expected to exceed \$100,000	Unknown - Expected to exceed \$100,000
Transfer In - Public libraries - School District Improvement Fund (§§167.885 & 170.215)	Unknown - May exceed \$100,000	Unknown - May exceed \$100,000	Unknown - May exceed \$100,000
Costs - Public libraries - Tutoring costs (§170.215)	(Unknown - May exceed \$100,000)	(Unknown - May exceed \$100,000)	(Unknown - May exceed \$100,000)
<u>Costs</u> - School Districts - Home visits (§162.1310)	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)



FISCAL IMPACT - Local Government  
 (continued)

FY 2015

FY 2016

FY 2017

**LOCAL POLITICAL SUBDIVISIONS**  
**(continued)**

<u>Costs</u> - School Districts - Increased teacher salaries (§163.172)	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)
Costs - School Districts - Learning plans (§167.730)	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)
Costs - School Districts - Expenses to maintain Parent Portal (§170.320)	(Unknown - May exceed \$100,000)	(Unknown - May exceed \$100,000)	(Unknown - May exceed \$100,000)
Loss - School Districts - Lowered tuition rates from incoming transfer students (§167.826.5)	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)
<b>NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>(Unknown - Expected to exceed \$100,000)</u></b>	<b><u>(Unknown - Expected to exceed \$100,000)</u></b>	<b><u>(Unknown - Expected to exceed \$100,000)</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

## FISCAL DESCRIPTION

### §§160.011, 160.041, 163.021, 163.073, 171.029, 171.031, 171.033 - SCHOOL SCHEDULES

Currently, public schools are required to be in session for a minimum of 174 days and 1,044 hours. This bill changes the requirement to a minimum of 1,080 hours of actual pupil attendance and removes the requirement for days, beginning with school year 2015-16. School scheduled during the months of June, July, and August must not exceed a four-day week and must provide for a week off for the July 4 holiday. The provisions regarding four-day school weeks are repealed.

The school board of any provisionally accredited or unaccredited district may increase the length of the school day or year. The Extended Learning Time Fund is created in the state treasury to be used for schools that extend their school day or hours of instruction.

### §160.417 - CHARTER SCHOOLS

This section exempts a charter school in its first three years of operation from being classed as financially stressed, but is not applicable to federal funding.

### §161.086 - SCHOOL DISTRICT ACCREDITATION

When the State Board of Education assigns classification designations to school districts, it must use one of the following designations: unaccredited, provisionally accredited, accredited, and accredited with distinction. A district must have a three-year average annual performance report consistent with accredited status to be classified as accredited without provision.

### §161.086 - ASSISTANCE TEAMS

The State Board of Education must develop and implement a process to provide assistance teams to borderline districts and provisionally accredited districts. The bill provides a timeline for the teams for 2014-15 school year, requiring that districts with the lowest annual performance scores be given priority. Suggestions are mandatory for provisional districts, but not for borderline districts. Schools that remain assigned to local district shall continue to be monitored.

FISCAL DESCRIPTION (continued)

§161.238 - ATTENDANCE CENTER ACCREDITATION

The State Board of Education must adopt a system of classification that accredits attendance centers (individual schools) within a district separately from the district as a whole. The State Board may consider certain types of attendance centers as exempt from classification. The

Special School District's separate special education schools and juvenile detention centers are not subject to this provision, although their annual performance scores will continue to be reported. Classification by attendance center will not be subject to the two-year delay on accreditation rule changes required for district accreditation.

§162.432 - LOCAL EFFORT CALCULATION AND BOUNDARY LINE CHANGES

Currently, the calculation of local effort uses a school district's assessed valuation figure from 2004. When a change in school district boundary lines occurs, DESE must adjust each affected district's local effort calculation based on the land area adjustments from the boundary line change using 2004 assessed valuation data.

§162.1250 and Section 1 - VIRTUAL SCHOOLS

School districts must not assign a 94% attendance rate to an A+ eligible student who takes a virtual course, but must assign such student at least a 95% attendance rate for the completed class.

The "Missouri Virtual Education Interim Committee" is created in Section 1 to study the impact that virtual learning will have on public schools. The staff of DESE shall provide assistance to the committee. The committee will submit a report no later than January 1, 2015 regarding the results of the study and any legislative recommendations.

§162.1303 - TRANSIENT STUDENT RATIO & STUDENT ASSESSMENT SCORES

DESE must annually calculate a transient student ratio for each public school building and each school district. The transient student ratio must be published on the DESE website and in the school accountability report card for each district and public school building. DESE must also publish on its website an aggregate transient student ratio for the state. The transient student ratio will use data, including the number of students enrolled in the district or school, the number of students who withdraw from the district or school, and the number of students who are

FISCAL DESCRIPTION (continued)

enrolled, withdrew, and later reentered the district or school. Each school district must report annually to DESE any information and data necessary for DESE to calculate transient student ratios. The statewide assessment scores of students who have been in an attendance center or district for a full academic year shall be included in the calculation for the annual performance report score.

§162.1310 - PARENT NOTIFICATION OF UNACCREDITED DISTRICT STATUS; HOME VISITS

When a district becomes unaccredited, the district must promptly notify the parent or guardian of students enrolled in the districts. The notice must also include an explanation of the option to transfer and any services for which the student may be eligible. This notice must be posted in district school buildings and must be sent to each political subdivision located in the boundaries of the school district. The school board of any district with an underperforming school must adopt a policy regarding the availability of home visits by school personnel. The school board's policy may provide that the parent or guardian of a student enrolled in any such school may be offered the opportunity to have at least one annual home visit and must be offered a meeting at school or other mutually agreed upon site.

§163.172 - MINIMUM TEACHER SALARY

The bill raises the minimum teacher salary to \$28,000 in school year 2015-16, \$29,000 in school year 2016-17, and \$30,000 in school year 2017-18 and the master's degree minimum salary is raised to \$35,000 in school year 2017-18, subject to appropriation. A Teacher Minimum Salary Fund and a method for disbursing moneys appropriated to the fund are created.

§§167.685, 167.687, 170.215 - SCHOOL DISTRICT IMPROVEMENT MEASURES

Any unaccredited district must offer free tutoring and supplemental education services to underperforming and struggling students, using moneys from the School District Improvement Fund to the extent that such funds are available. A district may implement these services by contract with a public library. An underperforming district may do any of the following: implement a new curriculum, retain an outside expert to advise on regaining accreditation, enter into a contract with an education management organization with a proven record of success, enter into a collaborative relationship with an accredited district in which teachers from both districts exchange positions for two school weeks, or any other change allowed by law that the school board reasonably believes will result in improved performance.

FISCAL DESCRIPTION (continued)

167.730 - READING, PERSONALIZED LEARNING PLANS, STUDENT RETENTION

Beginning July 1, 2015, all public schools in the St. Louis City School District and Kansas City School District, including charter schools, must use a response-to-intervention tiered approach to reading instruction for students determined by their school to be struggling readers. At a minimum, the reading levels of students in kindergarten through tenth grade must be assessed at the beginning and middle of the school year. Students who score below district benchmarks must be provided with intensive, systemic reading instruction.

Beginning January 1, 2015, and each January first thereafter, each public school in the St. Louis City School District and Kansas City School District, including charter schools, must prepare a personalized learning plan for any kindergarten or first grade student whose most recent school-wide reading assessment result shows the student is below grade level, with certain exceptions. For any student with a personalized learning plan, the student's main teacher must consult with the student's parent or guardian about the plan and must have consent to implement it. If a student is still performing below grade level through the end of the first grade year, the school must refer him or her for assessment to determine if an IEP is necessary. If an IEP is not necessary, the personalized learning plan must remain in place until the student is reading at grade level.

Any student who is not reading at the second grade level in the St. Louis City School District and the Kansas City School District by the end of second grade can be promoted to third grade only if the school provides additional reading instruction during the summer and demonstrates the student is ready for third grade at the end of summer school; if the school provides a "looping" classroom in which the student remains with the same teacher for multiple years and the student is not reading at the third grade level by the end of third grade, the student must be retained; or the student's parents or guardians sign a notice that they prefer to have the student promoted. The school will have final determination to retain the student.

The St. Louis City School District, the Kansas City School District, and each charter school located in them must provide in the annual school accountability report card the numbers and percentages by grade of any students at grade level who have been promoted but who have been determined as reading below grade level. If a school district or charter school already has an equivalent program, it may use the program with the approval of DESE.

FISCAL DESCRIPTION (continued)

STUDENT TRANSFERS

§167.131

Currently, the school board of a school district that does not maintain an accredited school is required to pay the tuition and transportation of resident pupils who attend an accredited school in another district of the same or an adjoining county. This provision applies to both unaccredited school districts and K-8 school districts that do not offer high school grades, but as revised by the bill, it would apply only to K-8 school districts.

§167.825

For school year 2014-15, students who participated in the transfer program during school year 2013-14 may continue under the same terms, except for their tuition, and may finish school in their receiving district subject to certain conditions.

Any student who is enrolled in and attends an unaccredited school in an unaccredited district for one semester may transfer to another accredited school in his or her district of residence, to an accredited school in an accredited district or charter school in the same or an adjoining county, or in a nonsectarian private school. If the student chooses a school that has entrance requirements, the student must furnish proof he or she meets the requirements. Provisionally accredited districts, provisionally accredited schools, unaccredited districts, unaccredited schools, or any districts or schools with a three-year average APR score of seventy-five or less under MSIP 5 are not eligible to accept transfer students. However, any student who received a transfer to a district or school with a current year APR score of seventy-five or less under MSIP 5 prior to the effective date of this section may remain enrolled. The bill details conditions placed on the class sizes of both the sending and receiving districts. The State Board of Education has the final determination on the issue of class size.

The sending district shall pay tuition, as calculated in the bill, of seventy percent of its cost of maintaining the grade level grouping to the receiving district and, in the first year of the program, ten percent for transportation to the appropriate education authority for transportation. In subsequent years, the education authority may determine the amount, up to ten percent. The statewide assessment scores of a transfer student that are more than two grade levels below the grade to which the student is assigned shall count only for growth scores in the first year.

FISCAL DESCRIPTION (continued)

Unaccredited districts in St. Louis County or an adjoining county are required to contract with the special school district for the reimbursement of special education services provided by the special school district for transfer students who are residents of the unaccredited district. Students must maintain their residency in the unaccredited district to continue eligibility for transfer. Once a student withdraws from the school to which he or she has transferred, no more transfers under the program will be allowed. Students who maintain their residency will be allowed to finish high school in the receiving school. (Section 167.826)

By August 1, 2014, and by January first annually, each accredited school district in the same or an adjoining county as an unaccredited district, each unaccredited district, and each participating nonsectarian private school must report the number of its available enrollment slots by grade level to the appropriate regional education authority for the affected district. The education authority must make information and assistance available to parents who intend to transfer their child. Parents who intend to transfer their child must send initial notification to the appropriate education authority by April first, including children who are going to start kindergarten or first grade. The education authority will give first priority to students who live in the same household with family members within the first or second degree of consanguinity or affinity who have already transferred to an accredited school. If insufficient enrollment slots are available, any students who are not able to transfer will receive first priority the following year. To the extent possible, the authority will fill the in-district accredited seats first. If sufficient slots are unavailable in-district the education authority will consider a list of factors in assigning the student, with the student's or parent's choice as the most important factor. An education authority may deny a transfer to a student with a history of school discipline policy violations; a student may be accepted on a provisional basis, and a student who is denied a transfer on these grounds has the right to an in-person meeting with a representative of the authority. (Section 167.827)

§§167.828 & 163.021 - NONSECTARIAN PRIVATE SCHOOLS

The school board of an unaccredited district that operates an unaccredited school must pay tuition for a student who has enrolled in and attended an unaccredited school for one semester who applies to and is assigned to a nonsectarian private school located in the unaccredited district or a school district in the same or adjoining county, using funds from the district's operating levy. The tuition amount cannot exceed the lesser of the nonsectarian private school's tuition or the seventy percent of the sending district's tuition.

A nonsectarian private school will only be eligible to receive tuition payments under this section if it satisfies certain conditions: accreditation by the North Central Association Commission On Accreditation and School Improvement or similar academic quality credentials; administration of

FISCAL DESCRIPTION (continued)

the statewide assessments in English language arts and mathematics; compliance with all applicable health and safety laws; a valid occupancy permit if required by its municipality, certification that the school does not discriminate, and filing a statement of intent to accept transfer students with DESE. The sending district may provide transportation.

As a condition of receiving state aid, an unaccredited district must use funds from the operating levy for school purposes to pay tuition remission for students who attend a nonsectarian private school. In addition, such tuition shall be paid only using funds from the operating levy for school purposes.

§§167.830 to 167.845 - REGIONAL EDUCATION AUTHORITIES

Three separate regional education authorities are created to coordinate student transfers from unaccredited districts to accredited districts, one for St. Louis City, St. Louis County, and adjoining counties; a second authority for the Kansas City area, consisting of Jackson County and adjoining counties, and a third authority for the rest of the state. Each authority will consist of five members who must be residents of their covered area, appointed by the Governor with the advice and consent of the Senate, who will serve for a term of six years. The Authority must coordinate and collaborate with local districts and local governments for the student transfers. Parents who want to transfer their child to another district must notify the appropriate regional education authority.

§168.205 - SHARING OF SUPERINTENDENTS

Two or more school districts may share a superintendent who possesses a valid Missouri superintendent's license.

§170.320 - PARENT PORTALS

The Parent Portal Fund is created in the state treasury to provide financial assistance to districts to establish and maintain a parent portal so parents may have access to educational information and access to student data via mobile technology.

The bill contains an effective date of July 1, 2015 for the repeal and reenactment of §§163.073 and 171.033 and the repeal of §171.029 and an emergency clause for the rest of the bill.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

LMD:LR:OD



SOURCES OF INFORMATION

Department of Elementary and Secondary Education

Department of Higher Education

Office of Secretary of State

Missouri State Tax Commission

Missouri Senate

Office of Administration

Division of Budget and Planning

Administrative Hearing Commission

Office of the Governor

Office the Lieutenant Governor

School Districts

Kansas City Public Schools

Francis Howell

Fulton

Special School District of St. Louis County

Nixa

Colleges and Universities

Missouri Western State University

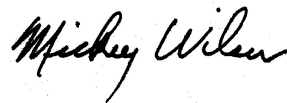
Linn State Technical College

Missouri State University

University of Missouri System

Northwest Missouri State University

University of Central Missouri



Mickey Wilson, CPA

Director

April 24, 2014

Ross Strobe

Assistant Director

April 24, 2014